

John Boehner
Chairman
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House Meets at 10:00 a.m. for Legislative Business

Anticipated Floor Action:

- H.R. 2676—Internal Revenue Service Restructuring and Reform Act**
H.R. 2358—Political Freedom in China Act
H.R. 2195—Laogai Slave Labor Products Act
H.Res. 188—Urging the Executive Branch to Fight Missile Proliferation
H.R. 967—Free the Clergy Act
H.R. 2570—Forced Abortion Condemnation Act
H.R. 2386—United States-Tawain Anti-Ballistic Missile Defense Cooperation Act
H.R. 2605—Communist China Subsidy Reduction Act
H.R. 2647—Monitoring Commercial Activities of the People's Liberation Army of China
H.R. 2232—Radio Free Asia Act
Privileged Resolutions Regarding the Sanchez-Dornan Contested Election



H.R. 2676—Internal Revenue Service Restructuring and Reform Act

Floor Consideration: The House will consider H.R. 2676 as its first order of business today. Yesterday, the Rules Committee granted a closed rule providing two hours of general debate, equally divided between the chairman and ranking member of the Ways & Means Committee. The rule also provides that the amendment in the nature of a substitute, as amended, be considered as adopted. The rule self-executes four amendments—by Messrs. Archer (two amendments), Portman, and Dreier—as base text. The rule further waives all points of order against the bill, as amended. Finally, the rule provides one motion to recommit, with or without instructions.

Summary: H.R. 2676 overhauls the management, administration, and oversight structure of the Internal Revenue Service (IRS), broadly reforming the agency in the areas of (1) executive branch governance of the IRS and personnel flexibilities, (2) electronic filing, (3) taxpayer rights, and (4)

congressional oversight over the IRS. The bill makes changes in a number of areas, including (1) creates an oversight board to review and IRS daily operations and approve agency reorganization plans; (2) provides that the IRS commissioner must be appointed and removed only by the president, with the advice and consent of the Senate; (3) prohibits specific government officials from requesting that the IRS conduct or suspend an audit of any particular taxpayer without approval from the IRS Chief Counsel; (4) requires the Joint Committee on Taxation to provide a “tax complexity analysis” for all legislation reported by the House Ways and Means and the Senate Finance committees, as well as all conference reports that would amend the tax laws; (5) grants jurisdiction to the U.S. Claims Court and federal district courts to hear estate tax cases on estates which include a closely held business (typically a family-owned small business); (6) directs the secretary to study the feasibility of, and develop procedures toward, implementing a paper-free tax system for tax years after 2007; (7) shifts the burden of proof in a tax liability proceeding from an individual taxpayer to the IRS; (8) extends confidentiality privileges, like those afforded to an attorney-client relationship, to non-lawyers who assist taxpayers specifically with tax advice; and (9) amends current statutory rules governing innocent spouse relief of an erroneous tax liability.

Views: The Republican Leadership supports passage of the bill. An official Clinton Administration viewpoint was unavailable at press time. Unofficially, however, administration officials have expressed support of the measure.

Amendments: As stated above, the rule self-executes the following four amendments as base text. They include:

- * an amendment by **Mr. Archer** to clarify the authorization for low income taxpayer clinics and the salaries of members of the oversight board to correct Budget Act violations;
- * an amendment by **Mr. Portman** to clarify that IRS management and employees may address in the written agreement between them any personnel flexibility issues in a demonstration project;
- * an amendment by **Mr. Dreier**, relating to the Joint Committee on Taxation’s preparation of a tax “complexity analysis” for tax-related legislation; and
- * an amendment by **Mr. Archer** to add a new section including several technical and conforming corrections.

Additional Information: See *Legislative Digest*, Vol. XXVI, #31, Pt. III, November 4, 1997.



China Policy Legislation

Floor Situation: The House will consider each of nine bills (H.R. 2358, H.R. 2195, H.Res. 188, H.R. 967, H.R. 2570, H.R. 2386, H.R. 2605, H.R. 2647, and H.R. 2232) after it completes consideration of H.R. 2676. Yesterday, the Rules Committee granted a closed rule providing for one hour of general debate equally divided between the chairman and ranking minority member of the International Relations Committee. The rule further provides that each bill will be considered, in turn, as read, and that amendments under Part I-A of the rule—a total of 11—will be considered as adopted upon passage of the rule. The rule provides one hour of debate on each of the nine bills individually, which will also be divided equally between the chairman and ranking member of the bill's corresponding committee, as well as one motion to recommit, with or without instructions, on each bill. The rule waives all points of order against consideration of the bill as amended. The rule also provides that the previous question be considered as ordered on the bill, as amended, and makes in order one additional amendment by Mr. Gilman to H.R. 2358, debatable for 30 minutes equally divided between a proponent and an opponent—and waives any intervening motions and points of order against it. The rule further provides that the chair of the Committee of the Whole may postpone consideration of any of the individual bills under clause 5(b)(1). Finally, the rule provides for adoption of the amendment in the nature of a substitute as amended and for one motion to recommit, with or without instructions.

H.R. 2358—Political Freedom in China provides for improved monitoring of human rights violations in the People's Republic of China. The bill authorizes \$2.2 million in FY 1998 and in FY 1999 for additional personnel at diplomatic posts to monitor activities relating to human rights in China. CBO estimates that enactment will result in increased discretionary spending, assuming appropriation of the necessary amounts, by \$2.2 million in each of FYs 1998 and 1999. The bill does not affect spending, so pay-as-you-go procedures do not apply. The bill was introduced by Ms. Ros-Lehtinen and was reported by the International Relations Committee by voice vote on September 29, 1997. The Republican leadership supports passage of the measure. The Clinton Administration opposes the bill.

H.R. 2195—Laogai Slave Labor Products Act authorizes \$2 million to the United States Customs Service and the State Department to employ additional personnel to monitor imports of prison labor products from the People's Republic of China, which have been banned since 1935. At present, only two officials in the U.S. Embassy in Beijing assigned to monitor slave labor, but these officials are also charged with monitoring intellectual property piracy. The bill also directs the Commissioner of Customs and Secretary of State to prepare and submit reports to Congress on the manufacturing and exportation of slave labor products made in China. The treatment of prisoners in China and the conditions in which they live have been widely criticized for some time. A central feature of the Chinese prison system is the requirement that prisoners work. Currently, the State Department estimates that six to eight million Chinese citizens are held as prisoners in the *Laogai* labor camps, including many political figures who were sentenced for indefinite periods without a trial. These prisoners toil for some 140 export enterprises responsible for the production of commodities like graphite, rubber, and asbestos, which are sold to over 70 nations.

The legislation also expresses the sense of Congress that the president should replace any Memorandum of Understanding on Prison Labor (MOU) if it lacks sufficient monitoring procedures (at present, the only such MOU is with China), and to subsequently strengthen those procedures. A CBO cost estimate was unavailable at press time. The bill was introduced by Mr. Smith (NJ) et al. and was

reported by the Ways & Means Committee by voice vote on October 1, 1997. The Republican leadership supports passage of the measure. An official Clinton Administration viewpoint was unavailable at press time.

H.Res. 188—Fighting Missile Proliferation urges the executive branch to take action regarding Iran's acquisition of C-802 missiles. The China National Precision Machinery Import-Export Corporation transferred 60 C-802 cruise missiles to Iran, placing 15,000 U.S. troops stationed in the Persian Gulf within striking distance. Under the 1992 Gore-McCain Iran-Iraq Non-Proliferation, the president must sanction nations that transfer destabilizing numbers and types of advanced conventional weapons to these rogue nations. However, the current administration has declined to enforce this act against China. Therefore, the bill calls upon the administration to impose the necessary sanctions against the Chinese entities responsible for the transfer. A CBO cost estimate was unavailable at press time. The bill was introduced by Mr. Gilman et al. and was reported by the International Relations Committee by voice vote on September 26, 1997. The Republican leadership supports passage of the measure. An official Clinton Administration viewpoint was unavailable at press time.

H.R. 967—Free the Clergy Act prohibits the issuance of visas (except for the head of state and cabinet level ministers) and the use of American funds appropriated for the Department of State, the U.S. Information Agency, or the Agency for International Development to pay for the travel of officials of the People's Republic of China involved in government-created or approved churches, or for those who are involved in formulating or implementing policies to repress free worship. However, the bill provides a waiver to these restrictions if the president (1) determines that it is in the vital national interest, and (2) provides a written notification to the appropriate congressional committees containing a justification for the waiver. The federal agencies mentioned above shall also certify to the appropriate congressional committees, no later than 120 days after the date of enactment and every 90 days thereafter, that they did not pay directly or indirectly for travel expenses of these individuals. Finally, H.R. 967 expresses the sense of Congress that religious freedom should be a major facet of the president's policy toward China. CBO estimates that enactment will have no significant impact on the federal budget. The bill was introduced by Mr. Gilman et al. and was reported by the International Relations Committee by a vote of 22-18 on September 30, 1997. The Republican leadership supports passage of the measure. The Clinton Administration is strongly opposed to the bill.

H.R. 2570—Forced Abortion Condemnation Act denies visas to Chinese officials who carry out forced abortion or sterilization, and condemns those in the Chinese Communist Party and other Chinese nationals who oversee and enforce this process. Critics of the Chinese government's "one-child policy" argue that its population control methods of forced abortion and sterilization constitute grave implications for religious liberty and basic human rights. Proponents of the legislation point out the fact that U.S. funding for coercive family planning practices is already prohibited by several U.S. laws. A CBO estimate was unavailable at press time. The bill was introduced by Ms. Fowler et al. The Judiciary Committee waived its jurisdiction over the bill. The Republican leadership supports passage of the measure. The Clinton Administration is strongly opposed to the bill.

H.R. 2386—United States-Taiwan Missile Defense Cooperation Act implements the provisions of the 1979 Taiwan Relations Act concerning the stability and security of Taiwan and United States cooperation on developing and acquiring defensive military equipment to defend the territory. The bill requires the Secretary of Defense to conduct a study no later than July 1, 1998, on a plan for a

missile defense system to protect the territory of Taiwan. Because the weapons for sale are purely defensive, supporters argue that they comport with the spirit of the Taiwan Relations Act. The bill also expresses the sense of Congress that it is in the national interest of the U.S. that Taiwan be included in missile defense cooperation with allied nations in the Asia-Pacific region. CBO estimates that enactment will cost less than \$500,000. The bill was introduced by Mr. Hunter et al. and was reported by the International Relations Committee by voice vote on September 30, 1997. The Republican leadership supports passage of the measure. The Clinton Administration opposes the bill.

H.R. 2605—Communist China Subsidy Reduction Act directs the president to instruct U.S. representatives to international institutions to vote against soft loans for the People's Republic of China. Since the Tiananmen Square incident, the United States and fellow Group of Seven (G-7) countries agreed to fund limited loans to China, provided that they were targeted to meet basic human needs, environmental protection, or economic policy reform. A CBO estimate was unavailable at press time. The bill was introduced by Mr. Solomon; the Banking & Financial Services Committee waived its jurisdiction on the bill. The Republican leadership supports passage of the measure. The Clinton Administration opposes the bill.

H.R. 2647—Monitoring Commercial Activities by the People's Liberation Army of China gives increased flexibility to the president to investigate, regulate, and prohibit activities of PLA-controlled companies in the U.S., and freeze their assets without first declaring a national emergency as required by the International Emergency Economic Powers Act (IEEPA). Under IEEPA, the president must first declare a national emergency before taking certain actions against entities deemed to be acting in a manner detrimental to U.S. national security. The bill also requires the Secretary of Defense, in consultation with the Attorney General and the directors of the CIA and the FBI, to maintain a current list of PLA-controlled companies that do business in the U.S., and to periodically make the list public. A CBO estimate was unavailable at press time. The bill was introduced by Ms. Fowler et al; the International Relations Committee waived its jurisdiction on the bill. The Republican leadership supports passage of the measure. The Clinton Administration opposes the bill.

H.R. 2232—Radio Free Asia Act authorizes increased funding for Radio Free Asia and Voice of America broadcasting into China. The bill also states that no later than 90 days after enactment, the president, in consultation with the Board of Broadcasting Governors, must report to Congress on a plan to achieve continuous broadcasting to China in multiple dialects and languages. Radio Free Asia (RFA) currently broadcasts five hours a day in the Mandarin dialect and two hours a day in Tibetan, while the Voice of America (VOA) broadcasts 10 hours in Mandarin and three-and-a-half hours in Tibetan daily. An amendment to the State Department authorization bill authorized \$20 million in additional funding for the RFA and \$10 million for the VOA, along with \$10 million for the Broadcasting Board of Governors to finish construction of a transmitter on Tinian island. CBO estimates that enactment will increase discretionary spending by \$32 million in 1998 and \$81 million over the 1998-2002 period. The bill was introduced by Mr. Royce et al. and was reported by the International Relations Committee by voice vote on September 30, 1997. The Republican leadership supports passage of the measure. An official Clinton Administration viewpoint was unavailable at press time.

Amendments: As stated above, the rule self-executes the following eleven amendments into the base text of the applicable bill. The amendments are as follows:

- * four amendments to **H.R. 2358—(Political Freedom in China)** to (1) direct national and international attention to the need for political reform and respect for human rights in the People’s Republic of China as exemplified by the plight of Tibetan prisoners being held in detention; (2) increase funding for the National Endowment for Democracy for projects which promote democracy in China; provide for additional reporting on human rights conditions, political prisoners, prisoners of conscience and prisoners of faith in China; (3) express the sense of Congress that the PRC should stop harvesting and transplanting organs from prisoners; that any official with the Chinese government actively involved in such activities should be barred from entering the U.S. and that appropriate actions should be taken against any individual in the U.S. who has engaged in these activities; and (4) make a technical change to include Kathmandu on the list of posts for additional human rights monitors.
- * two amendments to **H.Res. 188—(Fighting Missile Proliferation)** to (1) recommend that persons who are materially involved in the proliferation of nuclear or conventional weapons should not be issued visas for travel to the U.S., and (2) strengthen the resolution by broadening the scope to include the acquisition of long-range ballistic missiles which present an even greater threat, in addition to urging the executive branch to take action on the transfer of C-802 cruise missiles from China to Iran.
- * an amendment to **H.R. 2570—(Forced Abortion Condemnation Act)** which adds an exception to the restriction on issuance of visas for heads of state and cabinet level ministers, and grants a “national interest” presidential waiver for any other Chinese official. The amendment also prohibits the use of U.S. funds to pay for the expenses of Chinese officials to international conference programs and activities, and deny them of visas and exclude them from the U.S. if they are involved in forced abortion or sterilization practices.
- * two amendments to **H.R. 2386—(United States-Taiwan Missile Defense Cooperation Act)** to (1) clarify that the future status of Taiwan should be determined by peaceful and democratic means and clarify that no agreement currently exists between the PRC and Taiwan. The amendment also expresses that the U.S. must be willing to assist in the defense of Taiwan in case of threats or military attack by the PRC; and (2) make a technical modification clarifying the existing missile defense capabilities of Taiwan.
- * two amendments to **H.R. 2605—Communist China Subsidy Reduction Act** to (1) create a voluntary set of principles to promote good corporate citizenship by American companies operating in China, and give these companies preference for participation in trade missions to China, and (2) allow U.S. government agencies to initiate or expand educational, cultural, scientific, military, legal, political, and artistic exchanges between the U.S. and China.

As stated above, the following amendment to H.R. 2358 was made in order by the rule:

Mr. Gilman and Mr. Markey may offer an amendment, debatable for 30 minutes, which makes two changes to the Agreement for Nuclear Cooperation between the U.S. and China (*P.L. 99-183*). First, it extends the period of time in which Congress must review the president's required certification from 30 legislative days to 120 legislative days. Second, the amendment inserts expedited procedures in the law to provide for a vote on a resolution disapproving the president's certification. The intent of the amendment is to ensure that Congress has adequate time to review the president's certification; to hold hearings with the administration and outside witnesses; to judge China's record of compliance with its non-proliferation commitments—in particular its pledge to provide no new nuclear assistance to Iran—and, if necessary, to secure a House and Senate vote on disapproving the certification or requiring further modifications to the 1985 law. **Staff Contact: Walker Roberts (Gilman); x5-5021**

Additional Information: See *Legislative Digest*, Vol. XXVI, #31, October 31, 1997.



Privileged Resolutions Regarding the Sanchez-Dornan Contested Election

Floor Situation: The House may consider 21 privileged resolutions regarding the contested election in the 46th congressional district in California (Loretta Sanchez vs. Robert K. Dornan) after it considers legislation regarding China policy. The resolutions are each debatable for one hour.

Summary: The identical resolutions—by Mrs. DeLauro, Ms. Furse, Mrs. Mink, Mrs. Maloney, Ms. Slaughter, Ms. Velazquez, Ms. Jackson-Lee, Ms. Danner, Ms. Carson, Ms. Lofgren, Ms. Woolsey, Ms. Johnson, Mrs. Kennelly, Ms. Kilpatrick, Mrs. Thurman, Ms. Stabenow, Ms. Hooley, Mrs. Meek, Ms. Roybal-Allard, Ms. Harman, and Ms. McKinney, respectively—each mandate that the contested election regarding the 46th congressional district in California be dismissed after November 7 unless the House Oversight Committee reports a final recommendation on the matter before that date. The resolutions were introduced on October 31, 1997.



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